

Guide to Hong Kong Monetary and Banking Terms

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Foreword

Over the years, Hong Kong's monetary and banking system has accumulated a variety of technical terms that play an essential role in defining and explaining how the system works. Some of these are general terms that have an important application to Hong Kong. Others are specific terms that are either unique to Hong Kong or have a distinct meaning within Hong Kong. With a certain amount of effort, it has always been possible to track down these terms and their definitions by reference to legislation, technical guides or other sources. But there has never been a convenient publication that has brought these terms together in one place.

The HKMA's *Guide to Hong Kong Monetary and Banking Terms* is an attempt to go some way towards filling the gap. It presents the more common and essential terms in a single booklet, and provides a brief definition of each term in English and Chinese. This small work cannot, of course, claim to be an exhaustive survey. Nor can it possibly be the last word on the subject. Many existing terms are not included, and new terms will undoubtedly be coined as Hong Kong's monetary and banking system continues to develop.

The *Guide* will be a handy reference tool for those who work in the financial industry. It will also, I hope, be of use to anyone who takes a general interest in developments in Hong Kong's financial system. During the past year or so the amount of attention given to the workings of Hong Kong's monetary and banking system has increased considerably. This *Guide* is one of a number of recent initiatives by the HKMA designed to satisfy and further stimulate the growing interest in the subject. A list of other HKMA publications is provided at the end of this *Guide*, and a wealth of further information about the HKMA and its work can be found on our website at <http://www.info.gov.hk/hkma>. We welcome comments and suggestions about how this *Guide* may be improved and expanded.

Joseph Yam
Chief Executive
Hong Kong Monetary Authority

20 May 1999

Notes for users of this Guide

1. This Guide includes the following terms:
 - (a) *general* technical terms that have an important application to Hong Kong's monetary and banking systems; and
 - (b) *specific* terms that have a distinct meaning within Hong Kong's monetary and banking system.
2. The terms are in alphabetical order.
3. Separate definitions are given in the Guide of terms appearing in **bold type** within the text of any definition.

This guide is provided for information only. While every effort has been made to ensure that its contents are accurate, the Guide is not intended to be comprehensive. Nor is it intended to provide advice applicable in any given circumstances.

Guide to Hong Kong Monetary and Banking Terms

1988 Capital Accord (《1988年資本協定》)

An accord reached by the **Basle Committee on Banking Supervision** in 1988 and applied to Hong Kong since late 1989. The Accord sets out the framework for measuring the capital adequacy of **banks** and establishes the capital ratio to be achieved by banks (i.e. the ratio of capital to risk-weighted assets) at a minimum level of 8%. The Accord serves to promote soundness and stability in the international banking system and to reduce sources of competitive inequality among international banks. It has been subsequently revised to address the issues of **bilateral netting**, multilateral netting and **market risks** arising from banks' open positions in various financial instruments. *See also* **Capital Adequacy Ratio** (資本充足比率).

Accounting Arrangements (會計安排)

An agreement reached in July 1988 between the Financial Secretary, as Controller of the **Exchange Fund**, and The Hongkong and Shanghai Banking Corporation Limited (HSBC), as Management Bank of the Clearing House of the **Hong Kong Association of Banks (HKAB)**. The agreement required the Hongkong Bank to open an account with the Exchange Fund. The balance in that account ('the Balance') could only be altered by the **Hong Kong Monetary Authority (HKMA)**, (or its predecessor, the Office of the Exchange Fund). The Accounting Arrangements required the HSBC to manage the Net Clearing Balance (NCB) of the rest of the banking system, having regard to the level of the Balance of the HSBC's account with the HKMA. If the NCB exceeded the Balance, the HKMA would charge the Hongkong Bank penal interest on the excess amount, which was tantamount to the sum that the HSBC had overlent to the rest of the banking system. If the NCB was negative, a penal interest rate would also be charged on the debit balance. The Accounting Arrangements came to an end with the introduction of the **Real Time Gross Settlement (RTGS)** system in December 1996, which requires all **banks** to maintain a **clearing account** with the HKMA.

Aggregate Balance (總結餘)

The sum of balances in the **clearing accounts** and reserve accounts maintained by commercial banks with the central bank. In Hong Kong, this refers to the sum of the balances in the clearing accounts maintained by the **banks** with the **HKMA** for settling interbank payments and payments between banks and the HKMA. The Aggregate Balance represents the level of interbank liquidity.

Arbitrage (套戥)

Interest rate arbitrage: Activities that seek to profit from the deviation between the interest rate differential and interest equivalent of the spread between the forward exchange rate and spot exchange rate.

Currency note arbitrage: Activities that seek to profit from the deviation between the official exchange rate applicable to the issue and redemption of **banknotes** and the market exchange rate. For example, when the market exchange rate is stronger than the official exchange rate, banks can buy foreign currency in the foreign exchange market, surrender it to the Currency Board in exchange for domestic currency at the fixed exchange rate, and thereby make a profit from the differential between the two rates.

Authorised Institution (AI) (認可機構)

An institution authorised under the **Banking Ordinance** to carry on the business of taking deposits. Hong Kong maintains a **Three-Tier Banking System**, which comprises **banks**, **restricted licence banks** (RLBs) and **deposit-taking companies** (DTCs). Authorised institutions are supervised by the **HKMA**.

Automatic/Autopilot Adjustment Mechanism (自動調節機制)

The main device under a **Currency Board System** for maintaining currency stability. Under Hong Kong's Currency Board system, when **banks** sell US dollars to the **HKMA**, the inflow of funds causes the **Aggregate Balance**, and hence the **Monetary Base**, to expand. This expansion takes place because, in settling the deals, the HKMA credits the **clearing accounts** of these banks with the Hong Kong dollars required for settlement. Conversely, when banks sell Hong Kong dollars to the HKMA, the HKMA debits the clearing accounts of these banks, causing the Aggregate Balance, and hence the Monetary Base, to shrink. The expansion or contraction of the Monetary Base causes domestic interest rates to fall or rise respectively, thus creating the market conditions necessary to counteract the initial capital flows and restore exchange rate stability.

Backing Assets/Backing Portfolio (支持資產／支持組合)

Specific US dollar assets of the **Exchange Fund** that have been designated to back the **Monetary Base**. A statement of the **Currency Board Account**, which shows the value of the backing assets and the monetary base, has been published on a monthly basis since March 1999.

Backing Ratio (支持比率)

The ratio between the **backing assets** and the **Monetary Base**. When the **Currency Board Account** was first set up, sufficient US dollar assets were transferred to the Currency Board Account to provide a 105% backing of the monetary base. Movement of the backing ratio is subject to the effects of changes in the monetary base, the revaluation gains or losses due to interest rate change, and the size of the net interest income.

Bank (銀行)

One of the three types of **authorised institution** in Hong Kong under the **Banking Ordinance**. Banks are the only institutions permitted to carry on **banking business**.

Banknote (銀行紙幣)

A note issued by a **bank** promising to pay the bearer the par value of the note on demand.

Banking Advisory Committee (BAC) (銀行業務諮詢委員會)

A committee established under the **Banking Ordinance** to advise the Chief Executive of the Hong Kong Special Administrative Region (CE/SAR) on matters relating to the Banking Ordinance, in particular in relation to **banks** and the carrying on of **banking business**. The Banking Advisory Committee is chaired by the Financial Secretary: its members include the **Monetary Authority** and persons appointed by the Financial Secretary under the delegated authority conferred by the CE/SAR.

Banking Business (銀行業務)

Under the **Banking Ordinance**, banking business means the business of either or both of the following:

- (a) receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than three months;
- (b) paying or collecting cheques drawn by or paid in by customers.

Banking Licence (銀行牌照)

A licence granted by the **Monetary Authority** under the **Banking Ordinance** to a body corporate incorporated in or outside of Hong Kong wishing to carry on **banking business** in Hong Kong. Under the **Minimum Criteria for Authorisation**, certain conditions must be satisfied before a banking licence can be granted.

Banking Ordinance (《銀行業條例》)

The statute providing the legal framework for banking supervision in Hong Kong. The Banking Ordinance provides for the authorisation and supervision of **authorised institutions** so as to provide a measure of protection to depositors and to promote the general stability and effective working of the banking system. The Banking Ordinance is regularly reviewed in the light of practical experience and to take account of developments in the banking industry.

Banking Supervision Review Committee (BSRC) **(銀行業監管檢討委員會)**

A committee established in 1996 within the **HKMA** to consider, advise and make recommendations to the **Monetary Authority** on authorisation matters under the **Banking Ordinance**. The principal objectives of the Committee are to strengthen internal checks and balances and to ensure that decisions on authorisation matters are taken in a fair and reasonable manner.

Base Rate (基本利率)

The interest rate forming the foundation upon which the **Discount Rates** for **repo** transactions through the **Discount Window** are computed. The Base Rate is currently set at *either* 150 basis points above the prevailing **US Fed Funds Target Rate** *or* the average of the five-day moving averages of the overnight and one-month **HIBORs**, whichever is the higher. The **HKMA** announces the Base Rate every day before the interbank market opens in Hong Kong.

Basle Committee on Banking Supervision (Basle Committee) (巴塞爾銀行監管委員會)

A committee formed in 1974 to promote international co-operation in banking supervisory matters. The Committee comprises representatives of central banks and supervisory authorities from Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States.

Best Lending Rate (最優惠貸款利率)

The lowest interest rate a **bank** charges on loans extended to its best customers. The Best Lending Rate is often used as a base for quoting interest rates on mortgage loans.

Best Practice Guide on Financial Disclosure by Authorised Institutions (Best Practice Guide) (《認可機構披露財務資料的最佳執行指引》 *or* 《最佳執行指引》)

A guide issued by the **HKMA** setting out the minimum standards that the **HKMA** recommends **authorised institutions** to adopt in relation to the information disclosed in their annual accounts. The Guide is revised regularly to take into account international standards with a view to improving market transparency. The **HKMA** expects all authorised institutions incorporated in Hong Kong, except the smaller **restricted licence banks** and **deposit-taking companies**, to comply with the Guide.

Bilateral Netting (雙邊淨額結算)

An arrangement under which, in the event of a party's default, the counterparty's claim (or obligation) is to receive (or pay) only the net sum of the marked-to-market values of transactions covered by a legally enforceable bilateral netting arrangement. In 1994, the **1988 Capital Accord** was amended to broaden the recognition of bilateral netting for capital adequacy purposes. The **HKMA** uses the same basis for recognising netting arrangements in exchange rate, interest rate and derivative contracts entered into by **authorised institutions**.

CAMEL Rating System (CAMEL評級制度)

An internationally recognised framework for assessing the Capital adequacy, Asset quality, Management, Earnings and Liquidity of banks. The primary purpose of CAMEL is to help identify institutions whose weaknesses require special supervisory attention. The overall rating is expressed on a scale of one to five in ascending order of supervisory concern: "1" indicates the highest rating and least degree of concern; "5" represents the lowest rating and highest degree of concern. The **HKMA** has adopted the CAMEL rating system to assess the financial condition and overall soundness of **authorised institutions** in Hong Kong.

Capital Adequacy Ratio (CAR) Requirement (資本充足比率要求)

The ratio of an **authorised institution's** capital base to its risk-weighted credit exposures. The method and components used in the calculation are specified in the Third Schedule to the **Banking Ordinance**. Locally incorporated authorised institutions are required to adhere to the minimum 8% capital adequacy ratio, but the **HKMA** may increase the ratio to: (a) not more than 12% in the case of a **bank**; or (b) not more than 16%, in the case of a **deposit-taking company** or a **restricted licence bank**. Each locally incorporated authorised institution is assigned a minimum ratio on an unconsolidated (solo) basis or on a consolidated and unconsolidated basis within the range specified by the Ordinance.

Adjusted CAR: The **market risk** capital adequacy regime requires locally incorporated authorised institutions to maintain adequate capital to support their market risk exposures. The regime involves the calculation of an adjusted CAR which is expressed as the ratio of capital base to the total of market risk and credit risk exposures.

Consolidated basis: In the calculation of the consolidated CAR, the consolidated position of the institution's local and overseas branches and the subsidiaries specified by the HKMA is covered.

Solo basis: In the calculation of the solo CAR, the combined position of the institution's local and overseas branches is covered.

Central Moneymarkets Unit (CMU) (債務工具中央結算系統)

A clearing system operated by the **HKMA**. The CMU comprises computerised clearing and settlement facilities for **Exchange Fund Bills and Notes**, specified instruments, and debt securities issued by private sector companies. In addition to its role as central custodian and clearing agent for Hong Kong debt securities, the CMU is also responsible for drawing up policies to improve debt market infrastructure.

Certificates of Indebtedness (負債證明書)

Certificates issued by the Financial Secretary under the **Exchange Fund Ordinance**, to be held by **note-issuing banks** as cover for the **banknotes** they issue.

Classified Loans (特定分類貸款)

Loans that are classified as substandard, doubtful or loss under the **HKMA's loan classification** system. *See also* **Loan Classification (貸款分類)**.

Clearing Account (結算戶口)

The account maintained by **banks** with the central bank, or clearing house, for the purpose of paying and settling transactions between the banks themselves or between the banks and the central bank.

Clearing House of the HKAB (銀行公會結算所)

The clearing facility provided by the **Hong Kong Association of Banks (HKAB)** prior to the introduction of the **Real Time Gross Settlement** system in December 1996. This interbank settlement system consisted of a three-tier structure involving the Management Bank of the Clearing House (The Hongkong and Shanghai Banking Corporation Limited), ten Settlement Banks and 171 Subsettlement Banks. The Subsettlement Banks maintained **clearing accounts** with their respective Settlement Banks, which in turn maintained their clearing accounts with the Management Bank.

Clearing House Automated Transfer System (CHATS) (結算所自動轉帳系統)

A computer-based system established in Hong Kong for the electronic processing and settlement of interbank fund transfers. CHATS operates under a **Real Time Gross Settlement** mode between **banks** in Hong Kong, and is designed for large-value interbank payments. All banks are required to join CHATS and to be connected to the Clearing House computer operated by **Hong Kong Interbank Clearing Limited (HKICL)**.

Code of Banking Practice (《銀行營運守則》)

A voluntary code jointly produced by the **Hong Kong Association of Banks** and the **DTC Association** with the endorsement of the **HKMA**. The Code took effect on 14 July 1997. The Code sets out the minimum standards for a wide range of personal banking services provided by **authorised institutions**, including the operation of accounts and loans, card services, payment services and debt collection. All authorised institutions are expected to comply with the Code, and the HKMA monitors compliance as part of its regular supervision.

Coinage Ordinance (《硬幣條例》)

A statute enacted in 1994 to make provision for the issue of legal tender coins in Hong Kong.

Consolidated Supervision (綜合監管)

The global supervision by the **HKMA** of locally incorporated **authorised institutions**. The supervision embraces, among other matters, capital adequacy, concentration of exposures, and liquidity. It covers an institution's subsidiaries as well as local and overseas branches. The main objective is to enable the HKMA to assess any weaknesses within a banking or financial group that may affect the authorised institution itself, and, if possible, to initiate preventive or remedial action.

Convertibility Undertaking (兌換保證)

An undertaking by a central bank or **Currency Board** to convert domestic currency into foreign currency at a fixed exchange rate. In the case of Hong Kong, the **HKMA** undertook on 5 September 1998 to convert the Hong Kong dollar balances held by the **banks** in their **clearing accounts** with the HKMA into US dollars at the fixed exchange rate of HK\$7.75 to US\$1. Beginning on 1 April 1999, the exchange rate under the convertibility undertaking has been moving progressively from HK\$7.75 to HK\$7.8 (the rate applicable to **Certificates of Indebtedness**) by one pip (HK\$0.0001) every calendar day. At the end of this 500-day process, the exchange rate will remain at HK\$7.8 to US\$1.

Core Principles for Effective Banking Supervision (有效監管銀行業的主要原則)

A set of minimum requirements for effective banking supervision published in September 1997 by the **Basle Committee on Banking Supervision**. The principles serve as a basic reference for supervisory and other public authorities throughout the world. Hong Kong's supervisory framework largely complies with the Core Principles.

Currency Board Account (貨幣發行局帳目)

Currency Board Account lists the various liabilities and assets relating to the operations of the **Currency Board System**. On the asset side, they show **Foreign Reserves** designated to back the **Monetary Base**. On the liability side, it shows the **Monetary Base**, which includes **banknotes** and coins issued, the **Aggregate Balance**, and the outstanding amount of debt paper issued by the Currency Board.

Currency Board System (貨幣發行局制度)

A monetary system that complies with the **Monetary Rule** requiring that any change in the **Monetary Base** should be matched by a corresponding change in **Foreign Reserves** in a specified foreign currency at a fixed exchange rate. In operational terms, the Rule often takes the form of an undertaking by the Currency Board to convert Domestic Currency into Foreign Reserves at the fixed exchange rate.

Delivery versus Payment (DvP) (貨銀兩訖)

A securities delivery arrangement in which the delivery of securities takes place as soon as payment is made for them and confirmed final and irrevocable.

Deposit-Taking Company (DTC) (接受存款公司)

One of the three types of **authorised institutions** in Hong Kong under the **Banking Ordinance**. Deposit-taking companies are restricted to taking deposits of HK\$100,000 or more with an original term to maturity of at least three months. These companies are mostly owned by, or otherwise associated with, **banks**. They engage in a range of specialised activities, including consumer finance, trade finance and securities business.

Deposit-Taking Companies Advisory Committee (DTCAC) (接受存款公司諮詢委員會)

A committee to advise the Chief Executive of the Hong Kong Special Administrative Region (CE/SAR) on matters relating to the **Banking Ordinance**, in particular those relating to the business of **deposit-taking companies** and **restricted licence banks**. The DTCAC is chaired by the Financial Secretary and is composed of the **Monetary Authority** and other members appointed by the Financial Secretary under the delegated authority conferred by the CE/SAR.

DTC Association (DTCA) (存款公司公會)

Established in 1981 under the Companies Ordinance, the DTC Association was originally known as the Hong Kong Association of Restricted Licence Banks and Deposit-Taking Companies. Any **restricted licence bank** or **deposit-taking company** may join the DTCA. The objectives of the DTCA include furthering the general interests of restricted licence banks and deposit-taking companies, serving as an intermediary between the Government and members, and acting as a consultative body to the Government on matters concerning the business of taking deposits in Hong Kong.

Depositor Protection (存戶保障)

Depositor protection may be either explicit or implicit. Explicit protection takes the form of formal arrangements, such as deposit insurance schemes, with rules set out in advance on the nature and extent of protection, timing, funding and other details. Implicit protection is generally provided at the discretion of a government, although in such cases there is usually an understanding that the government will step in to bail out depositors and other creditors of a failed institution. In the case of liquidation of a **bank** in Hong Kong, depositors have priority over the general body of creditors in the recovery of their deposits, up to a maximum of HK\$100,000 for each depositor.

Discount Rate (貼現率)

The interest rate at which **banks** obtain overnight Hong Kong dollar liquidity from the **HKMA** through **repurchase agreements** involving Exchange Fund paper or other eligible paper under the **Discount Window**. The Discount Rate consists of two tiers:

<i>Percentage of Exchange Fund paper held by a bank</i>	<i>Applicable Discount Rate</i>
First 50 per cent	Base Rate
Next 50 per cent	Base Rate plus 5 percent or overnight HIBOR for the day, whichever is higher

Discount Window (貼現窗)

In Hong Kong, the facility through which **banks** can borrow Hong Kong dollar funds overnight from the **HKMA** through **repurchase agreements** using eligible securities as collateral.

Electronic Clearing (ECG) (電子結算)

A computerised system for clearing and settling various types of low value electronic payments through **Hong Kong Interbank Clearing Limited**. These payments include: autopay, electronic clearing items generated by the securities clearing and settlement system, and the point-of-sale clearing and settlement system. Settlement by ECG is on a next-day batch-run basis.

Exchange Fund (外匯基金)

A fund established in 1935 by the Currency Ordinance (later renamed the **Exchange Fund Ordinance**) as a reserve to back the issue of Hong Kong's **banknotes**. In 1976 the bulk of the foreign exchange assets of the Government's General Revenue Account and all of the assets of the Coinage Security Fund (i.e. funds received against the issue of coin) were transferred to the Exchange Fund and debt certificates were issued in exchange. Thus, the resources available to regulate the exchange value of the Hong Kong dollar were centralised in the Fund. The Exchange Fund is under the control of the Financial Secretary and is used primarily for 'affecting, either directly or indirectly the exchange value of the currency of Hong Kong'. In addition, it may be used to maintain the stability and integrity of the monetary and financial systems of Hong Kong with a view to maintaining Hong Kong as an international financial centre. The Exchange Fund may be held in Hong Kong currency, foreign exchange, gold or silver, or in such securities or assets as the Financial Secretary considers appropriate after having consulted the **Exchange Fund Advisory Committee**. The **Monetary Authority** is appointed by the Financial Secretary to manage the Exchange Fund, among other duties.

Exchange Fund Advisory Committee (EFAC) (外匯基金諮詢委員會)

Under section 3(1) of the **Exchange Fund Ordinance**, the Financial Secretary exercises control over the **Exchange Fund** in consultation with an Exchange Fund Advisory Committee. The Financial Secretary is ex-officio chairman of EFAC. The other members are appointed by the Chief Executive of the Hong Kong Special Administrative Region. EFAC advises the Financial Secretary on general policy on the investment of the Exchange Fund.

Exchange Fund Bills and Notes (外匯基金票據和債券)

Debt instruments issued by the **HKMA** for the account of the **Exchange Fund**. Introduced in March 1990, the Exchange Fund Bills and Notes programme has expanded progressively over the years. At the end of 1998, the total amount outstanding was around HK\$97.5 bn, with a maturity profile extending from three months to ten years. These instruments are fully backed by **Foreign Reserves**. The HKMA has undertaken that new Exchange Fund paper will only be issued when there is an inflow of funds, thus enabling the additional paper to be fully backed by Foreign Reserves.

Exchange Fund Investment Limited (EFIL) (外匯基金投資有限公司)

A private limited company established in October 1998 under the Companies Ordinance by the Government of the Hong Kong Special Administrative Region to manage the holdings in Hang Seng Index constituent stocks acquired for the account of the **Exchange Fund** in August 1998. EFIL also manages the portfolio of Hong Kong equities transferred from the Land Fund to the Exchange Fund in November 1998. Directors of EFIL are drawn from among distinguished members of the community and include Members of the Legislative Council. EFIL is registered as an Investment Adviser under the Securities Ordinance, and is subject to regulation by the Securities and Futures Commission. In January 1999, EFIL was designated as a public body by the Chief Executive in Council under the Prevention of Bribery Ordinance.

Exchange Fund Ordinance (《外匯基金條例》)

A statute originally enacted as the Currency Ordinance of 1935. The Exchange Fund Ordinance makes provision for the establishment and management of the **Exchange Fund** and the employment of its assets. The ordinance requires that the Exchange Fund should be used primarily for “affecting, either directly or indirectly the exchange value of the currency of Hong Kong and for other purposes incidental thereto” and, having regard to that primary purpose, for maintaining the stability and integrity of the monetary and financial systems of Hong Kong with a view to maintaining Hong Kong as an international financial centre. It also empowers the Financial Secretary to appoint the **Monetary Authority** to manage the Exchange Fund, among other duties.

Financial Action Task Force (FATF) (打擊清洗黑錢財務行動特別組織)

An inter-governmental body established in 1989 to develop and promote policies to combat **money laundering**. At the end of 1998 the FATF comprised representatives from 26 governments and two regional organisations, covering the world’s major financial centres. Hong Kong has been a member of the FATF since 1991 and fully subscribes to the FATF’s Forty Recommendations for combating money laundering.

Financial Disclosure (披露財務資料)

Authorised institutions incorporated in Hong Kong (except for the smaller **restricted licence banks** and **deposit-taking companies**) are required to disclose adequate financial information, including profit and loss accounts, balance sheets, cash flow statements and off-balance sheet exposures in their audited annual accounts and their annual reports. The objective of financial disclosure is to increase the transparency of the operations and financial condition of authorised institutions. Detailed disclosure requirements are specified under the **Best Practice Guide on Financial Disclosure by Authorised Institutions (Best Practice Guide)**.

Overseas incorporated authorised institutions (except those which meet certain exemption criteria) are also expected to issue a Disclosure Statement on a half-yearly basis covering selected key financial information drawn from the Best Practice Guide. The disclosure by a foreign authorised institution would cover the size and nature of its operation in Hong Kong as well as the financial strength of the overseas institution as a whole.

Fiscal Reserve Account (財政儲備帳)

The account held by the Hong Kong Special Administrative Region Government for accumulating its fiscal surpluses. In 1976 the bulk of the foreign exchange assets of the Government's General Revenue Account were transferred to the **Exchange Fund**. From then onwards, the Government has placed the surpluses of the General Revenue Account with the Exchange Fund.

‘Fit and Proper’ Test (「適當人選」準則)

The **HKMA** must be satisfied that any person who is, or is to be, a chief executive, director or controller of an **authorised institution** should be a ‘fit and proper’ person to hold that position. In applying the fit and proper test, the HKMA generally takes into account the following factors: the person's reputation and character, the person's knowledge and experience, and past record, if any, of non-compliance or criminal activity.

Foreign Reserves (外匯儲備)

The stock of foreign assets held by a government as investments and used, where necessary, in financial transactions to support the exchange rate of the domestic currency. Foreign reserves are also used for making payments in foreign currencies without the need to sell the domestic currency in the market.

Guide to Applicants (《申請成為認可機構的指引》)

A publication by the **HKMA** providing guidance to institutions seeking authorisation under the **Banking Ordinance** about the scheme of supervision contained in the Ordinance and the policies and approach of the **Monetary Authority** in implementing it.

Home Supervision (註冊地監管)

The monitoring of **authorised institutions** by the banking supervisory authority in the place where the authorised institution is incorporated. The **HKMA** is the home supervisor to authorised institutions incorporated in Hong Kong and exercises **consolidated supervision** over these authorised institutions and their subsidiaries as well as over their local and overseas branches. *See also* **Host Supervisor** (所在地監管機構).

Hong Kong Association of Banks (HKAB) (香港銀行公會 *or* 銀行公會)

A statutory body established in 1981 under the Hong Kong Association of Banks Ordinance (HKAB Ordinance) to replace the Hong Kong Exchange Banks Association. All **banks** are required to become members of the HKAB and to observe the rules made by the Association under the HKAB Ordinance. The main objects of the HKAB, among others, are to further the interests of banks, to make rules for the conduct of the business of banking, to act as an advisory body to its members in matters concerning the business of banking, and to provide facilities for the clearing of cheques and other instruments. *See also* **Hong Kong Interbank Clearing Limited** (香港銀行同業結算有限公司).

Hong Kong Interbank Clearing Limited (HKICL) (香港銀行同業結算有限公司)

A private company jointly owned by the **Hong Kong Monetary Authority (HKMA)** and the **Hong Kong Association of Banks (HKAB)**. HKICL was established in May 1995 to take over in phases the clearing functions provided by the former Management Bank of the **Clearing House**, The Hongkong and Shanghai Banking Corporation Limited. This process was completed in April 1997. HKICL provides interbank clearing and settlement services to all **banks** in Hong Kong and operates a central clearing and settlement system for public and private debt securities on behalf of the HKMA.

Hong Kong Interbank Offered Rate (HIBOR) (香港銀行同業拆出息率 *or* 銀行同業拆息)

The rate of interest offered on Hong Kong dollar loans by **banks** in the interbank market for a specified period ranging from overnight to one year.

Hong Kong Monetary Authority (HKMA) (香港金融管理局 *or* 金管局)

The government authority in Hong Kong with responsibility for maintaining currency and banking stability. The HKMA was established on 1 April 1993 by merging the Office of the Exchange Fund with the Office of the Commissioner of Banking. Its specific functions and objectives are:

- to maintain currency stability, within the framework of the **linked exchange rate system**, through sound management of the **Exchange Fund**, monetary policy operations and other means deemed necessary;
- to promote the safety and stability of the banking system through the regulation of **banking business** and the business of taking deposits, and the supervision of **authorised institutions**; and
- to enhance the efficiency, integrity and development of the financial system, particularly payment and settlement arrangements.

The Chief Executive of the HKMA is the **Monetary Authority** appointed by the Financial Secretary, who is advised by the **Exchange Fund Advisory Committee** on matters relating to the control of the Exchange Fund and on the operation of the HKMA. The HKMA is organised into six departments (the Banking Supervision Department, Banking Policy Department, External Department, Research Department, Reserves Management Department, and Monetary Policy and Markets Department) and a Legal Office.

Hong Kong Mortgage Corporation Limited (HKMC) (香港按揭證券有限公司)

A public limited company incorporated under the Companies Ordinance and wholly owned by the Government through the **Exchange Fund**. The Hong Kong Mortgage Corporation was incorporated in March 1997 with a view to developing Hong Kong's secondary mortgage market. Its business is being developed in two phases. The first phase involves the purchase of mortgage loans for its own portfolio, which it funds largely through the issuance of unsecured debt securities. In the second phase, the HKMC will securitise mortgages into **Mortgage Backed Securities** and offer them for sale to investors.

Hong Kong Note Printing Limited (HKNPL) (香港印鈔有限公司)

A **banknote** printing plant acquired by the Hong Kong Government with funds drawn from the **Exchange Fund** in April 1996. Subsequently, the three **note-issuing banks** each acquired 10% of HKNPL's issued shares from the Government and became minority shareholders.

Host Supervisor (所在地監管當局)

A banking supervisory authority in the place where a branch of a foreign incorporated **authorised institution** is located. In Hong Kong, the **HKMA** is the host supervisor to branches of foreign banks. The HKMA's approach to the supervision of branches of foreign banks is broadly in line with that applied to locally incorporated institutions except that capital-based supervisory requirements are not applied to such branches. *See also* **Home Supervision (註冊地監管)**.

Interbank Money Market (銀行同業貨幣市場)

The market in which **banks** borrow or lend money among themselves to accommodate short-term shortages or to dispose productively of surplus funds in their **clearing accounts**.

Interest Rate Rules (《利率規則》) *see* **Rules on Interest Rates and Deposit Charges (《利率及存款收費規則》)**.

Joint Financial Intelligence Unit (JFIU) (聯合財富情報組)

A unit, jointly operated by the Police and Customs and Excise Department, responsible for receiving suspicious transaction reports in relation to suspected **money laundering** and for referring such reports to the appropriate enforcement departments for investigation. The unit also provides advice on tackling money laundering generally and offers practical guidance and assistance to the financial sector on the subject.

Legal Tender Notes Issue Ordinance (法定貨幣紙幣發行條例)

A law to regulate the issue of **banknotes** and currency notes. Under the ordinance, the banknotes issued by the Bank of China, the Standard Chartered Bank and The Hong Kong and Shanghai Banking Corporation Limited are legal tender within Hong Kong.

Lender of Last Resort (最後貸款人)

An institution, normally a central bank, that stands ready to accommodate demands for funds in times of crisis or liquidity shortage. The institution normally discharges this function either through open-market purchases of assets of acceptable quality from the banking sector or by making loans through the discount window to solvent but temporarily illiquid **banks**, usually at above-market rates and against good collateral.

Linked Exchange Rate System (聯繫匯率制度)

A form of **Currency Board System** adopted in Hong Kong on 17 October 1983 requiring that the issue and redemption of **Certificates of Indebtedness** (for backing the **banknotes**) by the **note-issuing banks** be made against US dollars at the fixed exchange rate of HK\$7.80 to US\$1. There have been significant modifications to the system since 1983.

Liquidity Adjustment Facility (LAF) (流動資金調節機制)

An earlier Hong Kong version of a discount window, established in 1992. Under the facility, **banks** could borrow overnight funds from the **HKMA** through **repurchase agreements** of eligible securities at the Offer Rate set by the HKMA. They could also place surplus funds overnight with the HKMA at the Bid Rate. The LAF was replaced by the **Discount Window** in September 1998.

Liquidity Adjustment Window (流動資金調節窗)

A facility that allows **banks** to obtain intraday liquidity from the **HKMA** through **repurchase agreements** involving **Discount Window** eligible securities.

Liquidity Ratio (流動資產比率)

All **authorised institutions** in Hong Kong are required to meet a minimum monthly average liquidity ratio of 25%. This is calculated as the ratio of liquefiable assets (e.g. marketable debt securities and loans repayable within one month subject to their respective liquidity conversion factors) to qualifying liabilities (basically all liabilities due within one month). The method of calculation and its components are specified in the Fourth Schedule to the **Banking Ordinance**.

Loan Classification (貸款分類)

A system introduced by the **HKMA** in December 1994 requiring **authorised institutions** to report on a quarterly basis loans and provisions made against them under the following five categories:

Pass: Loans for which borrowers are current in meeting commitments and for which the full repayment of interest and principal is not in doubt.

Special Mention: Loans with which borrowers are experiencing difficulties and which may threaten the authorised institution's position.

Substandard: Loans in which borrowers are displaying a definable weakness that is likely to jeopardise repayment.

Doubtful: Loans for which collection in full is improbable and the authorised institution expects to sustain a loss of principal and/or interest, taking into account the market value of collateral.

Loss: Loans that are considered uncollectable after all collection options (such as the realisation of collateral or the institution of legal proceedings) have been exhausted.

Loans that are classified as substandard, doubtful or loss are collectively known as **Classified Loans**.

Loan-to-Deposit Ratio (貸存比率 or 貸款與存款比率)

The ratio of *the amount of loan* to the *amount of deposit*. This is a measure of liquidity in the banking sector.

Loan-to-Value Ratio (按揭成數)

The ratio of *money borrowed* to *fair market value of collateral*, usually in reference to real property. Since November 1991, the banking sector has voluntarily adopted a 70% loan-to-value ratio for residential mortgage lending. This was subsequently endorsed by the Government and incorporated in the **HKMA's** guideline on property lending.

Local Representative Office (LRO) (本地代表辦事處)

A **bank** incorporated outside Hong Kong may apply to the **HKMA** for approval for the establishment of a Local Representative Office. Although exceptions may apply, the HKMA's general policy is that an overseas bank should maintain a Local Representative Office for a minimum of one to two years before it can be considered for authorisation. A Local Representative Office is required to confine its business to representational and liaison activities and must not engage in **banking business**.

Market Risk (市場風險)

In relation to the calculation of an adjusted **capital adequacy ratio**, market risk is defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices and rates. These risks include the risks pertaining to interest rate related instruments and equities in the trading book, and foreign exchange risk and commodities risk throughout the **authorised institution**.

Minimum Criteria for Authorisation (認可的最低準則)

The minimum criteria that new entrants must satisfy in order to be, and continue to be, authorised under the **Banking Ordinance**. These criteria are listed under the Seventh Schedule to the Banking Ordinance. The criteria cover a broad range of considerations and focus on the general quality and ability of the applicant to conduct **banking business** or deposit-taking business in Hong Kong. In addition to the general requirement that the applicant's business should be conducted with integrity, prudence and competence, the criteria include such considerations as adequacy of **home supervision**; the '**fit and proper**' test for directors, controllers and chief executives; and adequate accounting systems, financial resources, liquidity, control of large exposures, and provisions against loans.

Monetary Authority (金融管理專員)

The person appointed by the Financial Secretary under section 5A of the **Exchange Fund Ordinance** to assist the Financial Secretary in the performance of his functions under that Ordinance and to perform other functions as assigned. The Monetary Authority is also responsible under the **Banking Ordinance** for the promotion of the general stability and effective working of the banking system. *See also* **Hong Kong Monetary Authority** (香港金融管理局).

Monetary Base (貨幣基礎)

A part of the monetary liabilities of a central bank. The Monetary Base is defined, at the minimum, as the sum of the currency in circulation (**banknotes** and coins) and the balance of the banking system held with the central bank (the reserve balance or the clearing balance). In Hong Kong, the Monetary Base comprises **Certificates of Indebtedness** (for backing the banknotes issued by the **note-issuing banks**), coins issued, the balance of the **clearing accounts** of **banks** kept with the **HKMA**, and **Exchange Fund Bills and Notes**.

Monetary Rule (貨幣規則)

Under the **Currency Board System**, the Monetary Rule requires changes in the **Monetary Base** (liabilities of the Currency Board) matched by corresponding changes in **Foreign Reserves** in a specified foreign currency (assets of the Currency Board) at a fixed exchange rate.

Monetary Statistics Ordinance (《金融資料統計條例》)

A statute enacted in 1980 that provides for the collection of statistical information from **banks** and **deposit-taking companies** by the **Monetary Authority**. Every **authorised institution** is required to submit to the Monetary Authority a return setting out the required statistical information for the purpose of monitoring developments in the monetary sector.

Money Broker (貨幣經紀)

A person who acts as an intermediary between independent counterparties, one of which is an **authorised institution**, in foreign exchange and money market transactions. In Hong Kong, money brokers are required to be approved by the **Monetary Authority** under the **Banking Ordinance**.

Money Laundering (清洗黑錢)

The process of changing the identity of the source of illegally obtained money so that it appears to have originated from a legitimate source.

Money Supply (貨幣供應)

The total stock of money available in the economy. Hong Kong has three measures of money supply:

Money Supply definition 1 (M1): The sum of legal tender notes and coins held by the public *plus* customers' demand deposits placed with **banks**.

Money Supply definition 2 (M2): M1 *plus* customers' savings and time deposits with banks *plus* negotiable certificates of deposit (NCDs) issued by banks held outside the banking sector.

Money Supply definition 3 (M3): M2 *plus* customers' deposits with **restricted licence banks** and **deposit-taking companies** *plus* negotiable certificates of deposit (NCDs) issued by these institutions held outside the banking sector.

Mortgage Backed Securities (MBS) (按揭證券)

Securities backed by a pool of mortgages. The pool may consist of several thousand mortgages or only a few mortgages. The cash flow of a mortgage backed security depends on the cash flow of the underlying pool of mortgages, which consists of monthly mortgage payments representing interest, the scheduled repayment of principal and any prepayments.

Mortgage Insurance Programme (按揭保險計劃)

A type of guarantee that protects lending **banks** against the risk of mortgage payment default by the borrower. It enables banks to accept a lower down payment than would otherwise be required. In effect, mortgage insurance provides what the equity of a higher down payment would provide to banks to cover the additional 'top-up' portion of the loan, as well as some of the accrued interest and expenses related to repossession. In March 1999, the **Hong Kong Mortgage Corporation Limited** launched its Mortgage Insurance Programme to provide this type of insurance in Hong Kong.

Note-issuing Banks (發鈔銀行)

Banks that issue **banknotes** that are legal tender. The note-issuing banks in Hong Kong are The Hong Kong and Shanghai Banking Corporation Limited, the Standard Chartered Bank, and the Bank of China Hong Kong Branch. In order to issue banknotes in Hong Kong, the note-issuing banks have to place with the **Exchange Fund** an equivalent amount of US dollars at the rate of US\$1 = HK\$7.8 in exchange for **Certificates of Indebtedness**.

Official Reserves (官方儲備) *see* **Foreign Reserves** (外匯儲備).

Off-site Review (非現場審查)

Off-site assessments made by the **HKMA** of the financial condition and quality of management of an **authorised institution**. Off-site reviews help to detect emerging problems that can be followed up with **on-site examinations** and **prudential meetings**. The scope of an off-site review varies from the regular analysis of banking returns to an extensive annual review of the performance and financial position of a particular authorised institution.

‘One Building’ Condition (「一家分行」規定)

A condition applied to the authorisation of a foreign **bank** in Hong Kong under which the bank may only maintain its offices in one building for the purpose of conducting its **banking business** (or deposit taking business in the case of a foreign **restricted licence bank**) or other financial transactions. In addition, the condition allows institutions to maintain, in a separate building or buildings, one regional office and one back-office to meet operational requirements.

On-site Examination (現場審查)

An essential part of the banking supervisory process undertaken by the **HKMA**. On-site examinations of books, records and internal controls apply to all **authorised institutions** irrespective of their place of incorporation. In the case of locally incorporated authorised institutions, on-site examinations also extend to their overseas branches and subsidiaries. The frequency of examination varies according to the size, financial standing and internal control systems of the authorised institution concerned. On-site examination provides the opportunity to examine at first hand how an institution is managed and controlled. It is particularly useful for assessing asset quality and the adequacy of internal controls.

Payment versus Payment (PvP) (外匯交易同步交收)

A mechanism in a foreign exchange settlement system to ensure that a final transfer of one currency occurs only if a final transfer of the other currency or currencies also takes place.

Prudential Meeting (審慎監管會議)

A meeting held by the **HKMA** with the senior management of an **authorised institution**, following an **off-site review**. The meeting enables the HKMA to understand how the institution controls its operations and views its business prospects, and to discuss prudential concerns arising from **on-site examinations** or other sources. A prudential meeting is normally held at least once a year with every authorised institution. In the case of institutions belonging to a banking group, prudential meetings may be held both at the group level and with individual subsidiaries of the group.

Prudential Supervision (審慎監管)

The process of ensuring that **authorised institutions** adhere to minimum prudential standards. These standards are imposed either by the **HKMA's** regulatory requirements or through the institution's own internal policies, procedures and controls. The HKMA monitors adherence by authorised institutions to prudential standards through a wide variety of techniques, including **on-site examinations**, **off-site reviews**, **prudential meetings**, co-operation with external auditors, and the sharing of information with other supervisors. The objective of prudential supervision is not to prevent all **bank** failures but to ensure that any that do occur are sufficiently limited and infrequent so as not to threaten the stability of the banking system as a whole.

Real Time Gross Settlement (RTGS) (即時支付結算系統)

The continuous settlement of payments on an individual-order basis without netting debits with credits across the books of the central bank.

Register of Authorised Institutions (認可機構記錄冊)

A register containing particulars of all **authorised institutions**, which the **HKMA** maintains for public inspection under the provisions of the **Banking Ordinance**.

Repurchase Agreement (repo) (回購協議)

A transaction in which one party sells securities to another party in return for cash, with an agreement to repurchase equivalent securities at an agreed price and on an agreed future date. As such, repos may be seen as being akin to collateralised borrowing and lending. Legally, however, the transaction involves an outright sale of the securities that passes full ownership of the securities to the purchaser. The transaction is widely used between a central bank and the money market as a means of relieving short-term shortages of funds in the money market. It thus represents an important tool in monetary management. In Hong Kong, **banks** are allowed to obtain temporary liquidity through the **Discount Window** using repurchase agreements with **Exchange Fund Bills and Notes** as collateral.

Restricted Licence Bank (RLB) (有限制牌照銀行)

One of the three types of **authorised institution** in Hong Kong under the **Banking Ordinance**. A restricted licence bank may take time, call or notice deposits from members of the public in amounts of HK\$500,000 and above without restriction on maturity. Restricted licence banks generally engage in activities such as merchant banking and capital market operations.

Revocation of Authorisation (撤銷認可)

The **Banking Ordinance** empowers the **Monetary Authority** to revoke the authorisation of an **authorised institution** if the **minimum criteria for authorisation** are breached. In addition, other grounds for revocation include the provision of materially false, misleading or inaccurate information to the **HKMA**. The grounds on which authorisations may be revoked are specified in the Eighth Schedule to the Banking Ordinance. A decision by the HKMA to exercise its powers of revocation will usually depend on the scope for remedial measures and on whether revocation would be in the interests of depositors and of the stability of the banking system. The authorised institution concerned must cease to carry on the business that was the subject of its authorisation as soon as the revocation becomes effective.

Rules on Interest Rates and Deposit Charges (IRR) (《利率及存款收費規則》 or 《利率規則》)

Certain types of Hong Kong dollar deposits offered by **banks** in Hong Kong are subject to interest rate rules (IRR) issued by the **Hong Kong Association of Banks (HKAB)**. All banks in Hong Kong, as members of the HKAB, are required to observe these rules, which generally relate to the maximum rate of interest a bank can offer on certain types of deposits. Since 1994 a partial deregulation of the interest rate rules has taken place in phases. The interest rate cap on time deposits fixed at more than one month was removed on 1 October 1994, and the cap on time deposits fixed at more than seven days was removed on 3 January 1995. The last phase of deregulation was to remove the cap on seven-day time deposits in November 1995. At present, the interest rate rules set the maximum interest rates for savings accounts and time deposits of less than HK\$500,000 with a term of less than (but not including) seven days. Additionally, the rules disallow the payment of interest on current accounts.

Special Mention Loan (需要關注貸款) *see* **Loan Classification (貸款分類)**.

Sub-Committee on Currency Board Operations (貨幣發行委員會)

A Sub-Committee established under the **Exchange Fund Advisory Committee** in August 1998 to oversee the operation of the **Currency Board System** in Hong Kong and to recommend to the Financial Secretary, where appropriate, measures to enhance the robustness and effectiveness of Hong Kong's Currency Board arrangements. The Sub-Committee is chaired by the Chief Executive of the **HKMA**. Its members include professionals in the financial industry, academics, and senior officials of the HKMA.

Submission Through Electronic Media (STEM) (電子媒體提交軟件)

Computer software introduced by the **HKMA** in 1995 to facilitate the submission of returns by **authorised institutions** through floppy diskettes.

Submission Through Electronic Transmission (STET) **(電子傳送提交系統)**

A software system launched by the **HKMA** in December 1997 to improve the efficiency and security of the submission of returns by **authorised institutions**. The system, which replaces **STEM**, allows users to submit returns through electronic transmission. Participating authorised institutions can input and edit banking return data on their computers and transmit the data to the HKMA through a secured private network. The possibility of the message being intercepted by unauthorised parties is therefore reduced. In addition, the STET system eliminates the physical delivery of hard-copy and diskettes of returns.

Substandard Loan (次級貸款) *see* **Loan Classification (貸款分類)**.

Suspension of Authorisation (暫停認可)

Under the **Banking Ordinance**, where the **HKMA**'s powers to revoke an authorisation become exercisable, the HKMA may, after consultation with the Financial Secretary, suspend the authorisation of the institution for a period not exceeding six months (which may be extended upon expiration for a further period not exceeding six months). The suspended **authorised institution** must cease to carry on the business for which its authorisation was granted from the date specified by the HKMA. Suspension may be a step towards, or an alternative to, revocation. While it prevents an institution from carrying on banking or deposit-taking business, suspension allows the institution to retain its authorised status: this could be of assistance in a restructuring or rescue operation, for example by making the institution more attractive to a prospective purchaser. *See also* **Revocation of Authorisation (撤銷認可)**.

Three-Tier Banking System (三級銀行發牌制度)

Authorised institutions under the **Banking Ordinance** comprise **Banks**, **Restricted Licence Banks (RLBs)** and **Deposit-Taking Companies (DTCs)**, creating a licensing system with three distinct tiers. Restricted licence banks and deposit-taking companies are restricted in the amounts and terms of deposits they may accept, and only banks may operate current and savings accounts. No distinction is made, however, in the types of lending or investment business in which the different tiers of authorised institutions may engage.

Transfer of Authorisation (認可的轉讓)

Under the **Banking Ordinance**, the authorisation of an **authorised institution** may be transferred from that institution to another institution. A transfer of authorisation may not take effect until the **HKMA** grants the transfer or until a later date specified by the HKMA. Following the issue of a certificate of transfer by the HKMA, the transferee may exercise the same privileges, and is subject to the same conditions, liabilities and penalties, as the original grantee. The transferor ceases to be authorised, but remains responsible for any liability incurred prior to the transfer.

Tripartite Meeting (三方聯席會議)

An annual meeting between the **HKMA** and an **authorised institution** and its auditors, normally following the institution's annual audit. The discussion typically includes any matter arising out of the audit, such as identified weaknesses in internal controls, adequacy of provisions, and compliance with prudential standards and the various requirements of the **Banking Ordinance**.

US Fed Funds Target Rate (美國聯邦基金目標利率)

In the US, depository institutions can trade their reserves held by the Federal Reserve among themselves in the Fed Funds Market. The Fed Funds Rate is the cost for the overnight borrowing of these reserves. The Fed Funds Target Rate is the Federal Reserve's desired target rate for the Fed Funds Rate. The Federal Reserve conducts money market operations to influence the Fed Funds Rate if it considers the rate to be deviating too much from the target rate. In Hong Kong, the **Base Rate**, which is a reference rate for **banks** to obtain day-end liquidity under the **Discount Window**, is determined with the floor set at the US Fed Funds Target Rate plus a premium.

Y2K (Year 2000) Compliance (已解決「公元二千年」問題)

A Year 2000 compliant system should perform, function and manage data involving dates without being abnormally affected by dates spanning the period prior to, during and after the year 2000.

An **authorised institution** achieves Year 2000 compliance if it has completed the modification and testing of individual systems, and has tested the interaction of modified systems with the institution's other systems with which they interface directly.

Y2K (Year 2000) Problem (「公元二千年」問題)

Certain information technology systems (including some computer hardware, software, networks, and equipment with embedded computer chips and logic) use only two digits to represent the year when storing a particular date. This has the potential to cause problems when the systems encounter dates beyond 31 December 1999 and, for example, fail to distinguish between the year 2000 and the year 1900. A further Year 2000 problem results from the possibility that some systems may not be able to treat the year 2000 as a leap year. The **HKMA** has placed the Year 2000 issue at the top of its supervisory agenda. The HKMA has made extensive supervisory efforts to make sure that all **authorised institutions** understand their obligation to ensure **Year 2000 compliance** and that they take necessary steps to address the problem.

Publications in English by the Hong Kong Monetary Authority

Hong Kong Monetary Authority Annual Reports, 1993 – 1998

*Best Practice Guide on Financial Disclosure by Authorised Institutions,
1998*

*Best Practice Guide on Financial Disclosure by Authorised Institutions,
1997*

*Core Principles for Effective Banking Supervision – An Assessment of the
Position in Hong Kong, 1997*

Derivatives in Plain Words, 1997

Financial Integration in Asia & the Role of Hong Kong, 1997

Global Payment Systems, 1996

Guide to Applicants (for authorisation under the Banking Ordinance), 1995

Money and Banking in Hong Kong Vol. 1, 1995

Money and Banking in Hong Kong Vol. 2, 1997

Monthly Statistical Bulletin, September 1994 –

Prevention of Money Laundering, 1997

Prudential Supervision in Hong Kong, 1997

Quarterly Bulletin, November 1994 –

Review of the Currency Board Arrangements in Hong Kong, 1998

Year 2000 Bulletin, March, August and December 1998

Many of these publication are still in print and are available direct from the Hong Kong Monetary Authority. Please use the enclosed order form or write to us at address: 30/F, 3 Garden Road, Hong Kong. Fax: (852) 2878 1892 or Website: <http://www.info.gov.hk/hkma>

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